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STATE FOR ISN, EAP, EUR, AND TREASURY/TFI

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TAGS: [KNNP](#) [KS](#) [MNUC](#) [PARM](#) [PREL](#) [KH](#) [GM](#)

SUBJECT: GERMAN GOVERNMENT ALERTED TO USG CONCERNS OVER
POTENTIAL SALE OF GERMAN PRESS TO THE DPRK

REF: A. STATE 25950

[1](#)B. EDDY/MOON EMAILS FEB 27 2007

[1](#)C. BERLIN 354

[1](#)D. BERLIN 318

[1](#)E. STATE 18308

[1](#)F. 06 BERLIN 2224

[1](#)G. 06 STATE 118598

[1](#)H. 06 BERLIN 1876

[1](#)I. RUGGIERO/CONWAY EMAIL JUNE 21 2006

Classified By: Deputy Chief of Mission John M. Koenig for reasons 1.4 (b) and (d).

[1](#)1. (S) Summary: DCM as Charge as well as senior Embassy staff again raised the need for German government action to preclude the possible printing press sale to North Korea by the German firm Drent Goebel, as requested in refs. MFA State Secretary Silberberg, Chancellery Deputy National Security Adviser Nikel and other senior German officials state they are well aware of North Korea's long record of counterfeiting. Silberberg stated the German Government could ultimately block the export of the printing press on foreign policy/national security grounds in the event Drent Goebel tried to go forward with the deal. However, senior officials in the Finance and Foreign Ministries note while the Government has the ability under German law to stop the sale of an item not currently included in a dual-use, export control or sanctions list for six months, the law would then need to be amended during those six months to include the particular item, e.g., the intaglio printing press, as something requiring an export license. The process of legally blocking the export would be complicated and lengthy, and officials uniformly stated the German Government's case would be bolstered by any additional evidence we could supply on North Korean counterfeiting activities. Please see action request in para 7. End Summary.

[1](#)2. (S) DCM (then Charge) delivered ref A demarche to German MFA State Secretary Reinhard Silberberg March 2. Silberberg was familiar with the issue and indicated MFA Director General for Economics and Sustainable Development Peter Ammon had been in contact with Drent Goebel. In response to our point noting the conflicting information we and the German Government have received from the firm regarding their intentions, Silberberg said the German Government fully shares the USG's concerns. Silberberg also said he was aware of North Korea's long record of counterfeiting, and noted that even if Drent Goebel persisted in trying to export the printing press to North Korea, the German Government could stop the export. Charge and Polcouns also delivered the points to German Deputy National Security Adviser Rolf Nikel in a separate meeting March 2. Nikel said that although he was unfamiliar with the case he would check into it. He noted Germany would not wish to be involved in anything

potentially connected to counterfeiting U.S. currency.

13. (S) EMIN made the same points to Acting MFA Director General for Economic Affairs Michael Witter and Office Director of the International Economic Policy Division Ingo Karsten March 2. EMIN underscored two USG concerns about Drent Goebel: that it may have been duplicitous in what it told the German Government about dropping plans to sell the press and that Drent Goebel may have understated the technical capabilities of the press to be used for counterfeiting. EMIN urged the German Government to provide assurances that it understands the USG concerns and that it will ensure that this press is never exported to North Korea.

14. (S) Witter said the German Government shares the USG concerns and that it does not wish to see counterfeit currency come from North Korea. Witter noted that Drent Goebel had told the German Government it would not export the press, and if it changed its plans to complete the sale it would notify the German Government. In the event that Drent Goebel tried to export the press, the German Government could stop it by invoking a "catch-all" provision in the German Foreign Trade and Payments Act. (Note: According to the "catch-all" provision, the German Government can restrict legal transactions and acts in foreign trade and payments in order to "guarantee the vital security interests of the Federal Republic of Germany." End note.) The difficulty in using this provision, continued Witter, is that the government would need to use a single case intervention and, since the printing press is not currently included in a dual-use, export control or sanctions list, the sale could only be blocked for a maximum of six months. During the six month period the law would need to be amended to include that particular item. The Ministries of Foreign Affairs,

Economics, Finance, and other federal agencies would have to collaborate to coordinate the single case intervention.

15. (S) EMIN also met with Finance Ministry Deputy Director General for Banking, Insurance, Investment, Stock Market, and Currency Berthold Leber and Michael Findeisen, Office Director of the Money Laundering and Terrorist Finance Division. Findeisen said the Federal Office of Criminal Investigation (BKA) had recently talked to him about this case. He reported the BKA said technically the contract between Drent Goebel and the DPRK is still pending, but that North Korea has yet to pay the deposit of 90 percent of the sales price of the press as required. Drent Goebel will not even begin production of the press until it receives this deposit. As a result, the firm has not started production on the printing press. EMIN noted this situation should make it even easier for Drent Goebel to walk away from the deal with North Korea.

16. (S) Leber and Findeisen also stated that, since standard export controls would not apply to this case, the deal would have to be blocked on national security grounds. To do so, said Findeisen, the Government would need to show the deal entailed a "security risk." Findeisen said because the burden of proof is on the German Government, the government needs hard evidence that the DPRK Government is involved in counterfeiting and that the machine will be used in connection with this or other illicit purposes. Emboffs noted the information already passed, including the Interpol notice. Findeisen and Leber said additional information would be needed to act further and requested the USG, if it has additional information, to share it with the German authorities.

17. (S) Action requested: Request Washington agencies provide, as appropriate, any additional information we can share with the German Government to support our assertions that North Korea would likely use the printing press for the purpose of counterfeiting western currencies.

TIMKEN JR